

## § 203.82

## 30 CFR Ch. II (7–1–05 Edition)

available from the MMS GOM Regional Office.

(c) With your application and post-production development report, you must submit an additional report prepared by an independent CPA that:

(1) Assesses the accuracy of the historical financial information in your report; and

(2) Certifies that the content and presentation of the financial data and information conform to our most recent guidelines on royalty relief. This means the data and information must—

(i) Include only eligible costs that are incurred during the qualification months; and

(ii) Be shown in the proper format.

(d) You must identify the people in the CPA firm who prepared the reports referred to in paragraph (c) of this section and make them available to us to respond to questions about the historical financial information. We may also further review your records to support this information.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1879, Jan. 15, 2002]

### § 203.82 What is MMS's authority to collect this information?

The Office of Management and Budget (OMB) approved the information collection requirements in part 203 under 44 U.S.C. 3501 *et seq.* and assigned OMB control number 1010-0071.

(a) We use the information to determine whether royalty relief will result in production that wouldn't otherwise occur. We rely largely on your information to make these determinations.

(1) Your application for royalty relief must contain enough information on finances, economics, reservoirs, G&G characteristics, production, and engineering estimates for us to determine whether:

(i) We should grant relief under the law, and

(ii) The requested relief will ultimately recover more resources and return a reasonable profit on project investments.

(2) Your fabricator confirmation and post-production development reports must contain enough information for us to verify that your application reasonably represented your plans.

(b) Applicants (respondents) are Federal OCS oil and gas lessees. Applications are required to obtain or retain a benefit. Therefore, if you apply for royalty relief, you must provide this information. We will protect information considered proprietary under applicable law and under regulations at § 203.63(b) and part 250 of this chapter.

(c) The Paperwork Reduction Act of 1995 requires us to inform you that we may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a currently valid OMB control number.

(d) Send comments regarding any aspect of the collection of information under this part, including suggestions for reducing the burden, to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW., Washington, DC 20240.

[63 FR 2618, Jan. 16, 1998, as amended at 65 FR 2875, Jan. 19, 2000]

### § 203.83 What is in an administrative information report?

This report identifies the field or lease for which royalty relief is requested and must contain the following items:

(a) The field or lease name;

(b) The serial number of leases we have assigned to the field, names of the lease title holders of record, the lease operators, and whether any lease is part of a unit;

(c) Well number, API number, location, and status of each well that has been drilled on the field or lease or project (not required for non-oil and gas leases);

(d) The location of any new wells proposed under the terms of the application (not required for non-oil and gas leases);

(e) A description of field or lease history;

(f) Full information as to whether you will pay royalties or a share of production to anyone other than the United States, the amount you will pay, and how much you will reduce this payment if we grant relief;

(g) The type of royalty relief you are requesting;

(h) Confirmation that we approved a DOCD or supplemental DOCD (Deep

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Water expansion project applications only); and

(i) A narrative description of the development activities associated with the proposed capital investments and an explanation of proposed timing of the activities and the effect on production (Deep Water applications only).

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1879, Jan. 15, 2002]

### § 203.84 What is in a net revenue and relief justification report?

This report presents cash flow data for 12 qualifying months, using the format specified in the "Guidelines for the Application, Review, Approval, and Administration of Royalty Relief for End-of-Life Leases", U.S. Department of the Interior, MMS. Qualifying months for an oil and gas lease are the most recent 12 months out of the last 15 months that you produced at least 100 BOE per day on average. Qualifying months for other than oil and gas leases are the most recent 12 of the last 15 months having some production.

(a) The cash flow table you submit must include historical data for:

- (1) Lease production subject to royalty;
- (2) Total revenues;
- (3) Royalty payments out of production;
- (4) Total allowable costs; and
- (5) Transportation and processing costs.

(b) Do not include in your cash flow table the non-allowable costs listed at 30 CFR 220.013 or:

- (1) OCS rental payments on the lease(s) in the application;
- (2) Damages and losses;
- (3) Taxes;
- (4) Any costs associated with exploratory activities;
- (5) Civil or criminal fines or penalties;
- (6) Fees for your royalty relief application; and
- (7) Costs associated with existing obligations (e.g., royalty overrides or other forms of payment for acquiring the lease, depreciation on previously acquired equipment or facilities).

(c) We may, in reviewing and evaluating your application, disallow costs when you have not shown they are necessary to operate the lease, or if they

are inconsistent with end-of-life operations.

[63 FR 2618, Jan. 16, 1998, as amended at 63 FR 57249, Oct. 27, 1998]

### § 203.85 What is in an economic viability and relief justification report?

This report should show that your project appears economic without royalties and sunk costs using the RSVP model we provide. The format of the report and the assumptions and parameters we specify are found in the "Guidelines for the Application, Review, Approval and Administration of the Deep Water Royalty Relief Program," U.S. Department of the Interior, MMS. Clearly justify each parameter you set in every scenario you specify in the RSVP. You may provide supplemental information, including your own model and results. The economic viability and relief justification report must contain the following items for an oil and gas lease.

(a) Economic assumptions we provide which include:

- (1) Starting oil and gas prices;
- (2) Real price growth;
- (3) Real cost growth or decline rate, if any;
- (4) Base year;
- (5) Range of discount rates; and
- (6) Tax rate (for use in determining after-tax sunk costs).

(b) Analysis of projected cash flow (from the date of the application using annual totals and constant dollar values) which shows:

- (1) Oil and gas production;
- (2) Total revenues;
- (3) Capital expenditures;
- (4) Operating costs;
- (5) Transportation costs; and
- (6) Before-tax net cash flow without royalties, overrides, sunk costs, and ineligible costs.

(c) Discounted values which include:

- (1) Discount rate used (selected from within the range we specify).
- (2) Before-tax net present value without royalties, overrides, sunk costs, and ineligible costs.

(d) Demonstrations that:

- (1) All costs, gross production, and scheduling are consistent with the data in the G&G, engineering, production, and cost reports (§§ 203.86 through 203.89) and